

RESEARCH ARTICLE

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# VALUE-ADDED DISTRIBUTION ANALYSIS IN THE BROWN SUGAR (SAKA) GROINDUSTRY

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## Abstract

This study examines the value-added distribution in the brown sugar (Saka) groindustry in Bukik Batabuah Village, Canduang Sub-district, Agam Regency. The research aims to identify the key factors influencing value addition and to analyze how the benefits are distributed among different stakeholders in the production chain. Using qualitative and quantitative methods, data were collected through interviews with local producers, field observations, and financial analysis of production costs and revenues. The findings reveal significant disparities in value distribution, with primary producers receiving a smaller share compared to middlemen and final sellers. The study highlights the need for strategic interventions to enhance value capture by primary producers, including improved production techniques, market access, and cooperative frameworks. Recommendations are provided to optimize value distribution and promote sustainable economic growth within the local groindustry.

**Keywords** Value Added Distribution, Brown Sugar (Saka), Groindustry, Bukik Batabuah Village, Canduang Sub-district, Agam Regency, Economic Analysis, Stakeholder Distribution, Sustainable Growth, Local Production.

## INTRODUCTION

The production of brown sugar, locally known as Saka, plays a crucial role in the rural economy of Bukik Batabuah Village in the Canduang Sub-district, Agam Regency. This traditional sweetener, derived from sugarcane, has a significant cultural and economic impact, providing livelihoods for many local families. Despite its importance, the distribution of value-added within the brown sugar groindustry is not well understood. This study aims to analyze the distribution of value-added along the Saka production chain, from primary producers to final consumers, to identify disparities and opportunities for improvement.

Value-added analysis is essential for understanding how economic benefits are distributed among different stakeholders involved in the production process. In the context of the brown sugar industry, this includes sugarcane

farmers, local processors, middlemen, and retailers. By examining the value-added at each stage, we can identify which stakeholders capture the most value and which ones are disadvantaged. This analysis provides a foundation for developing strategies to enhance value capture by primary producers and promote equitable growth.

The study is particularly relevant given the challenges faced by small-scale producers in rural areas, such as limited access to markets, technology, and financial resources. These constraints often result in lower value capture and income for the primary producers, who are essential to the sustainability of the groindustry. By addressing these issues, we can contribute to the development of more sustainable and inclusive economic practices.

This introduction outlines the significance of the

brown sugar groindustry in Bukik Batabuah Village, the importance of value-added distribution analysis, and the objectives of this study. The subsequent sections will detail the methodology, present the findings, and discuss their implications for policy and practice.

Objectives:

To analyze the value-added distribution in the brown sugar groindustry.

To identify the key factors influencing value addition at different stages of production.

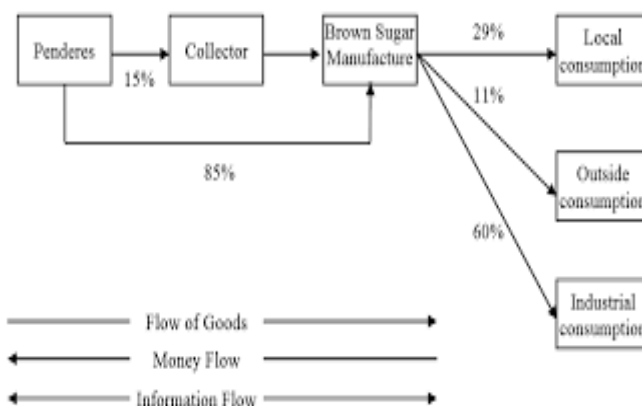
To propose recommendations for enhancing value capture by primary producers.

Through this analysis, we aim to contribute to the understanding of value distribution in traditional agro-industries and to support the development of strategies that can improve economic outcomes for rural communities involved in brown sugar production.

**METHOD**

The process of analyzing value-added distribution in the brown sugar (Saka) groindustry involved several key steps to ensure a thorough and accurate evaluation. Initially, the production process was mapped out from the cultivation of raw sugarcane to the final sale of brown sugar. This mapping identified all critical activities and stakeholders involved at each stage, including sugarcane farmers, local processors, middlemen, and retailers.

Data collection commenced with semi-structured interviews with these stakeholders to gather detailed information on their production practices, input costs, revenue generation, and challenges faced. Focus group discussions (FGDs) were then conducted to delve deeper into common issues and explore potential collaborative solutions among producers. Field observations provided an opportunity to directly witness the production process, validating the information gathered through interviews and providing practical insights into Saka production.



Simultaneously, secondary data were collected through document analysis and reviewing financial records from producers and processors. Relevant literature, government reports, and industry publications helped contextualize the findings, while financial records offered concrete data on cost structures and revenue streams.

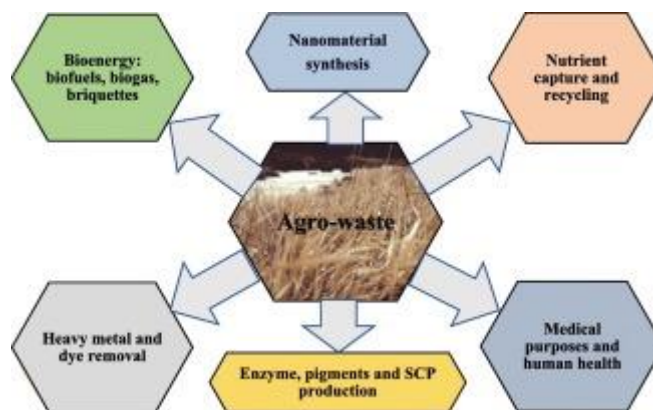
The data analysis phase began with calculating the value-added at each stage of the production chain. This calculation involved subtracting the costs of inputs from the revenue generated, thus

highlighting the contribution of each stage to the final product's value. Stakeholder analysis followed, focusing on the distribution of benefits among different groups. Descriptive statistics summarized the data, providing a clear overview of cost structures, revenues, and profit margins. Comparative analysis further identified differences in value capture among various producer groups and production stages.

Primary data were gathered through a combination of semi-structured interviews, focus

group discussions (FGDs), and field observations. Semi-structured interviews were conducted with key stakeholders, including sugarcane farmers, local processors, middlemen, and retailers. These interviews aimed to collect detailed information on production practices, costs, revenues, and perceived challenges. Additionally, FGDs were

organized with groups of producers and other stakeholders to gain insights into common issues and collaborative solutions. Field observations were carried out to directly observe the production process, providing a practical understanding of Saka production and validating the information obtained from interviews.

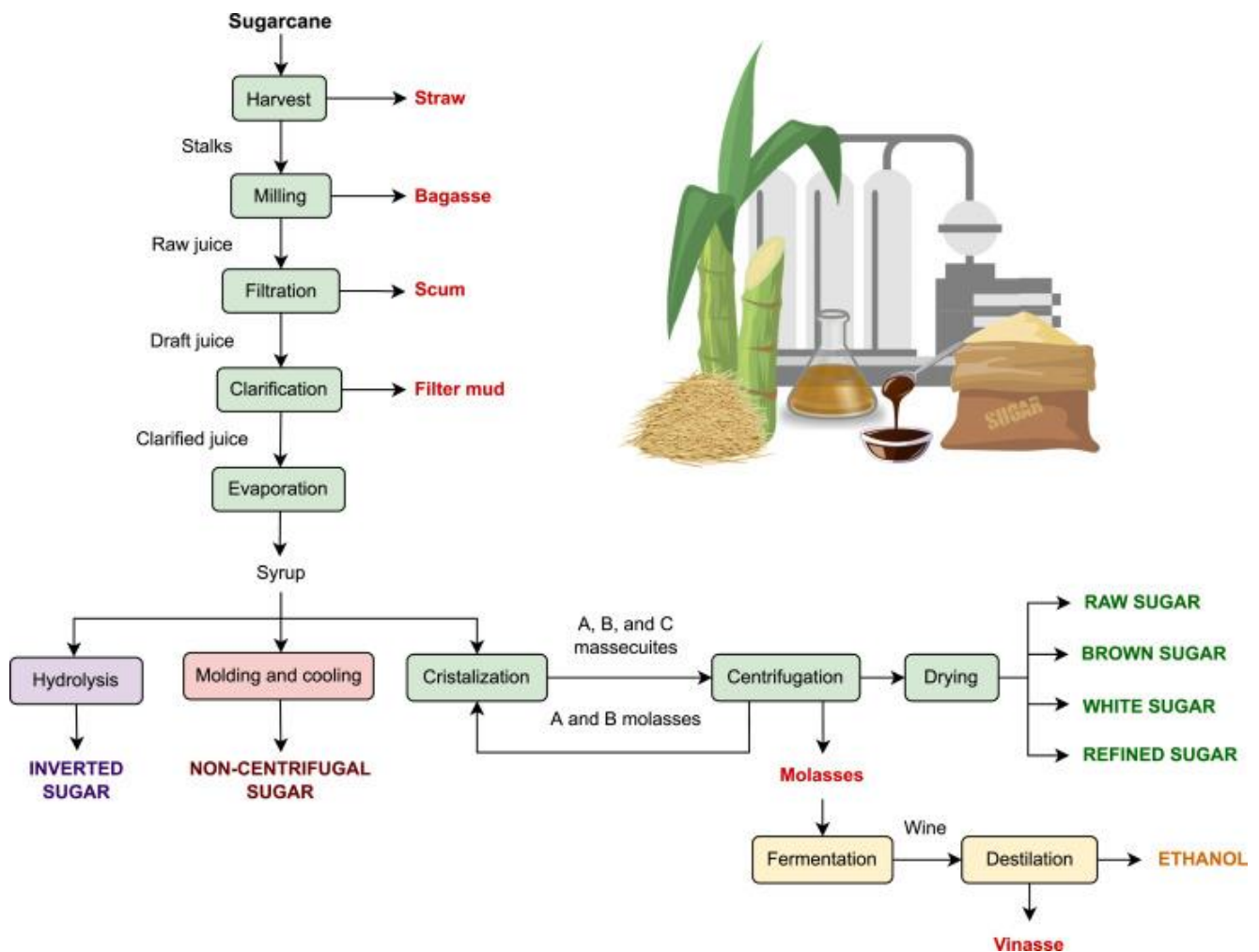


Secondary data collection involved document analysis and financial records review. Relevant literature, government reports, and industry publications were reviewed to contextualize the findings and support the analysis. Financial records from producers and processors were collected and analyzed to determine cost structures and revenue streams, offering a quantitative basis for the value-added calculations.

The analysis began with value chain mapping, identifying key activities and stakeholders from raw sugarcane cultivation to the final sale of brown sugar. This mapping facilitated the calculation of value-added at each production stage by subtracting input costs from generated revenues,

highlighting the contribution of each stage to the final product's value.

Stakeholder analysis was conducted to understand the distribution of benefits among various stakeholders. This involved comparing the share of value-added captured by each stakeholder group and assessing the economic impact on primary producers and other stakeholders. Descriptive statistics summarized the data, providing an overview of cost structures, revenues, and profit margins. Comparative analysis was performed to identify differences in value capture among different groups of producers and between production stages.



To ensure reliability and validity, triangulation of data from interviews, observations, and financial records was conducted. Preliminary findings were shared with local experts and stakeholders for feedback and validation, enhancing the credibility of the results. Ethical considerations included obtaining informed consent from all participants prior to data collection and maintaining confidentiality to ensure privacy and ethical integrity.

Throughout the process, data reliability and validity were ensured through triangulation, comparing information from interviews, observations, and financial records. Preliminary findings were shared with local experts and stakeholders for feedback, further validating the results. Ethical considerations, including informed

consent and confidentiality, were strictly maintained to protect participant privacy and ensure the study's ethical integrity. This comprehensive process provided a detailed understanding of value-added distribution in the brown sugar groindustry, informing strategies for sustainable and equitable growth in the region.

**RESULTS**

The analysis of the value-added distribution in the brown sugar (Saka) groindustry revealed significant disparities among the different stages of production and stakeholders involved. Primary producers, primarily sugarcane farmers, were found to capture a relatively small portion of the value-added. The average value-added at the farming stage was approximately 15% of the final product's price. Local processors, who convert raw

sugarcane into brown sugar, captured around 25% of the value-added. Middlemen and retailers captured the largest share, collectively securing about 60% of the value-added.

The cost structures varied significantly among stakeholders. Farmers incurred high input costs for fertilizers, labor, and transportation, while processors faced costs related to equipment maintenance, fuel, and labor. Middlemen and retailers, despite lower operational costs, leveraged market access and distribution networks to capture a larger share of the final product's value. This disparity highlights the challenges faced by primary producers in increasing their share of the value-added.

### **DISCUSSION**

The results indicate a need for strategic interventions to enhance value capture by primary producers. One key factor contributing to the low share of value-added for farmers is their limited access to market information and direct sales channels. This dependency on middlemen reduces their bargaining power and ability to negotiate better prices. Additionally, the lack of modern processing facilities and technology among local processors limits their efficiency and output quality, further constraining their ability to capture higher value.

To address these issues, several recommendations emerge from the study. First, improving market access for farmers through cooperative frameworks can enhance their bargaining power and ensure better prices. Establishing cooperatives can also facilitate collective investment in modern processing equipment, improving efficiency and product quality. Training and capacity-building programs for farmers and processors can further enhance their skills and knowledge, enabling them to adopt better practices and technologies.

Moreover, developing direct sales channels, such as local markets and online platforms, can help producers capture a larger share of the value-added by bypassing middlemen. Policymakers and development agencies can play a crucial role in supporting these initiatives by providing financial assistance, infrastructure development, and

regulatory support.

### **CONCLUSION**

The study on value-added distribution in the brown sugar (Saka) groindustry highlights significant disparities among different stakeholders in Bukik Batabuah Village, Canduang Sub-district, Agam Regency. Primary producers, who bear the brunt of production costs, receive a disproportionately small share of the value-added. This imbalance underscores the need for targeted interventions to enhance their economic outcomes.

By improving market access, investing in modern processing technologies, and developing direct sales channels, primary producers can capture a more equitable share of the value-added. These measures, supported by cooperative frameworks and policy interventions, can promote sustainable and inclusive growth in the brown sugar groindustry. Future research could focus on evaluating the impact of these interventions over time, providing further insights into the most effective strategies for improving value distribution in traditional agro-industries.

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**THE USA JOURNALS**

THE AMERICAN JOURNAL OF AGRICULTURE AND BIOMEDICAL ENGINEERING (ISSN – 2689-1018)

**VOLUME 06 ISSUE06**

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